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Power and Peril: America's Supremacy and Its Limits; Power Politics: In Quest for Energy Security, U.S. Makes New Bet: on Democracy; It No Longer Places Stability Above All Else in Mideast, As Move on Iraq Indicates; Fateful FDR Visit to King Saud

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Abstract (Article Summary)

Mr. [Edward Luttwak] says they wanted to demonstrate the merits of "maneuver warfare," the use of fast, light forces to penetrate the enemy's vital centers. "We set out to revolutionize war," Mr. Luttwak says. Last year's invasion of Iraq, he says, "was the accomplishment of that revolution." Mr. [Andrew Marshall] says that "Mr. Luttwak worked for me on several related subjects, but I do not recall cooperating on the article."

Britain's National Archives last month released several secret reports on America's likely response to the oil crisis. A December 1973 assessment by Britain's Joint Intelligence Committee said Washington might use subversion to "replace the existing rulers of Saudi Arabia, Kuwait and Abu Dhabi with more amenable men" or try "gun-boat diplomacy" to intimidate existing rulers. But an invasion to seize Arab oil fields was "the possibility uppermost in American thinking," the report added. It said Mr. [James Schlesinger] had told Britain's ambassador "it was no longer obvious to him that the United States could not use force."

Oil's Global Players In consumption: Top oil consumers in 2003*, in millions of barrels per day U.S. 20.18 China 5.60 Japan 5.46 Russia 2.86 Germany 2.65 India 2.27 South Korea 2.21 Canada 2.15 Brazil 2.07 Mexico 2.05 * Provisional estimates In imports: Top oil importers in 2002, in millions of barrels per day U.S. 10.6 China 5.2 Japan 2.6 Germany 2.1 India 1.9 South Korea 1.9 France 1.7 Italy 1.5 Spain 1.4 In reserves: Top countries by oil reserves in Jan. 2003, in billions of barrels Saudi Arabia 261.8 / 21.6%** Iraq 112.5 / 9.3** United Arab Emirates 97.8 / 8.1** Kuwait 96.5 / 8.0** Iran 89.7 / 7.4** Venezuela 77.8 / 6.4** Russia 60.0 / 4.9** Libya 29.5 / 2.4** Nigeria 24.0 / 2.0** U.S. 22.4 / 1.9** **As a percentage of world reserves Source: Energy Information Administration

Full Text (1782 words)

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[Fifth in a Series]

In April 1975, America's ambassador to Saudi Arabia, James Akins, sent a confidential cable to Washington denouncing as "criminally insane" an idea then being floated in the media: America should seize Saudi oil fields to break an Arab oil cartel and ensure a supply of cheap energy to fuel the U.S. economy.

Scoffing at the bravado of what he called America's "New Hawks," he warned that any attempt to take Arab oil by force would lead to world-wide fury and a protracted guerrilla war. This "could bring only disaster to the United States and to the world," he wrote.

His 34-page cable, obtained under the Freedom of Information Act, did not go down well in Washington. The idea of invading Saudi Arabia wasn't the work of cranks but of senior policy makers. Discussion of a military strike never got beyond the preliminary planning stage, but the idea terrified the Saudis, who laid plans to booby-trap oil wells.

A few months after sending his cable, Mr. Akins was out of a job. He believes that his memo, which stoutly defended the Saudis' right to control their oil, "was basically the cause of my being fired."

The episode, with its echoes of today's bitter quarrels over Iraq and relations with the Saudi kingdom, highlights America's struggle with a quandary that has tormented it for decades: how to deal with countries that America doesn't trust, that don't trust America but that can dictate the fate of America's economy through their control of oil.

For more than half a century, the U.S. has veered between confrontation and cajolery as it strove to secure a pillar of its global power: a steady flow of fuel at a stable price from the Persian Gulf. The U.S. has jumped from country to country in search of reliable friends.

It has often stumbled: The shah of Iran was overthrown. Saddam Hussein mutated from prickly partner to foe. The House of Saud still stands but wobbles, both at home -- where a divided ruling family staggers between reform and reaction -- and in Washington, where people ask how an ally could spawn 15 of the 19 Sept. 11 hijackers.

"Our big problem all along has been that our great friends often don't turn out to be so reliable," says William Quandt, a Middle East scholar who was on the White House's National Security Council during oil shocks caused by the 1973 Arab embargo and the 1979 Iranian revolution.

While many Arabs believe last year's invasion of Iraq was a petroleum grab, there's no evidence the U.S. plans to hold on to Iraqi oil fields or put them up for sale. Indeed, occupation officials have recommended a strong, state-controlled Iraqi oil sector, even if that means limited investment opportunities for U.S. oil companies. Washington's avowed goal in Iraq was entirely different: reducing the threat of terrorism by seeding a democratic government in place of one run by a dangerous tyrant.

Still, with the U.S. occupation, the quest for a solid ally in a region holding two-thirds of the world's known oil reserves has begun afresh, in a risky new direction. Instead of vesting hopes of stability in authoritarian leaders, Washington now seeks wrenching change by prying open closed political systems. No Gulf producer is a democracy. Of the world's known oil reserves, only 9% is situated in countries rated "free" by the U.S. research group Freedom House.

Since the 1970s crises, America has scoured the globe for other supplies, in an effort to reduce the dependence of global oil markets on Gulf states alternately cursed and courted. The U.S. has looked to the North Sea, Alaska, Mexico and, more recently, Russia, the Caspian Sea and West Africa. It has also poured money into fuel cells and other such technologies.

Much new oil has been found, and the U.S. has become far more efficient in energy use. But none of this disturbs a hard truth: America's economy, the engine of its global pre-eminence, depends on some of the world's most anti-American nations. By 2020, the federal Energy Information Agency expects, the Persian Gulf will account for 54% to 67% of world oil exports, up from around 30% now.

The White House believes giving Iraq democratic rule can help lance the boil of Mideast anti-Americanism. This, in turn, might help solve what President Bush, in a speech early last year, identified as a big problem: a dependence for oil "on countries that don't particularly like us." Whether America's initiative works in Iraq, whose oil reserves are

second only to Saudi Arabia's, could also have an impact on the Saudis. A big unknown is whether the "democratic revolution" Mr. Bush has promised spreads to the doggedly undemocratic kingdom.

When invading Saudi Arabia was considered in the 1970s, the U.S. not only dropped the idea but decided it wouldn't even apply strong political pressure on the despotic Gulf states behind the embargo. Secretary of State Henry Kissinger said at the time that pressure could cause instability and "open up political trends that could defeat economic objectives."

Today, haunted by terrorism, the U.S. makes a different calculation. Citing the absence of political freedom in the Mideast, Mr. Bush said in a speech last fall "it would be reckless to accept the status quo."

Also out to overthrow the status quo, however, are America's enemies in the region. Democracy, if it really takes hold there, could amplify their voices. Anger at Western use of Arab oil has been a theme for decades of populist rhetoric, both secular and Islamist. Just last month, Osama bin Laden, in a tape played on al Jazeera television, denounced the U.S. occupation of Iraq as a "big power" plot to control the Gulf's oil. Years earlier, Mr. bin Laden offered his own policy for an oil market he called the "biggest theft in history." A barrel of crude, the Saudi-born al Qaeda leader said in 1998, ought to cost \$144, quadruple its current price.

America has been fretting about dependence on foreign oil since the early 1940s, when Interior Secretary Harold Ickes wrote a gloomy article titled "We're Running out of Oil!" It warned: "If there should be a World War III, it would have to be fought with someone else's petroleum." Soon thereafter, geologist Everette Lee DeGolyer returned to the U.S. from Saudi Arabia and reported that "the center of gravity of world oil production is shifting . . . to the Middle East."

With this in mind, Franklin D. Roosevelt, though seriously ill, made a stop on his journey home from the 1945 Yalta conference to meet the Saudi king, Abdul Aziz Ibn Saud. Their encounter on a battleship in the Suez Canal established bonds that, for more than half a century, would tie the two countries: oil and security. It also raised an issue that would divide them for just as long -- establishment of a Jewish state. Roosevelt wanted it in Palestine. The king suggested Jews get land in Germany.

America's wish to keep Persian Gulf oil secure took a violent turn in Iran. In 1953, the CIA carried out a British plot to topple an Iranian leader who had nationalized the Anglo-Persian Oil Co.

At first, the U.S. had no enthusiasm for an idea it saw as a last gasp by Britain's expiring empire. Christopher Woodhouse, an official the U.K. sent to Washington to lobby for the plan, wrote later how he helped win over the U.S.: "I decided to emphasize the Communist threat to Iran rather than the need to recover control of the oil industry."

The resulting coup against Mohammed Mossadegh brought back the exiled Iranian shah, Mohammed Reza Pahlavi, who promptly invited U.S. companies to join a new international consortium to run Iran's oil industry. Washington poured in arms, turning Iran into a Cold War bulwark against the Soviet Union.

On prices, however, Iran's and America's interests diverged. The shah became a truculent hawk in the Organization of Petroleum Exporting Countries. "He turned out to be the most hard-driving of all," says James Schlesinger, secretary of defense in the mid-1970s and later energy secretary. "It was a great disappointment to Kissinger and Nixon, who thought the shah was a pal of theirs."

Saudi Arabia also disappointed. On Oct. 17, 1973, Mr. Kissinger met with other top U.S. officials to discuss the Yom Kippur Arab-Israeli war and possibility of oil-supply disruptions. Reporting on a meeting held earlier in the day with Arab envoys, he described the Saudi foreign minister as a "good little boy," according to recently released transcripts, and predicted confidently: "We don't expect an oil cutoff in the next few days." Minutes later, an aide rushed in with a bulletin: Saudi and other Arab oil producers had announced an immediate cut in output. Prices leapt 70% overnight and later quadrupled. The U.S. sank into a recession.

Mr. Nixon launched a plan to end all imports by 1980. It flopped: Imports rose 40% by the target date. Mr. Kissinger turned to the Soviet Union for help, offering wheat in return for oil. The "bushels for barrels" plan fizzled.

Behind the scenes, officials mulled a more robust response to Arab cuts. Ambassador Akins says he knew

something was afoot after a barrage of articles appeared championing war against Saudi Arabia. Particularly belligerent was one that appeared in Harper's under the byline Miles Ignatus, a pen name. Titled "Seizing Arab Oil," it argued that "the only countervailing power to OPEC's control of oil is power itself -- military power."

Its author was Edward Luttwak, a hawkish defense expert then working as an adviser to the Pentagon. Mr. Luttwak says he wrote the piece after discussion with several like-minded consultants and officials in the Pentagon, including Andrew Marshall, who was, and remains, head of the Defense Department's in-house think tank, the Office of Net Assessment.

(MORE)

Oil's Global Players

In consumption: Top oil consumers in 2003*, in millions of barrels per day

U.S. 20.18
China 5.60
Japan 5.46
Russia 2.86
Germany 2.65
India 2.27
South Korea 2.21
Canada 2.15
Brazil 2.07
Mexico 2.05

* Provisional estimates

In imports: Top oil importers in 2002, in millions of barrels per day

U.S. 10.6
China 5.2
Japan 2.6
Germany 2.1
India 1.9
South Korea 1.9
France 1.7
Italy 1.5
Spain 1.4

In reserves: Top countries by oil reserves in Jan. 2003, in billions of barrels

Saudi Arabia 261.8 / 21.6%**
Iraq 112.5 / 9.3**
United Arab Emirates 97.8 / 8.1**
Kuwait 96.5 / 8.0**
Iran 89.7 / 7.4**
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Russia 60.0 / 4.9**
Libya 29.5 / 2.4**
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**As a percentage of world reserves

Source: Energy Information Administration

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